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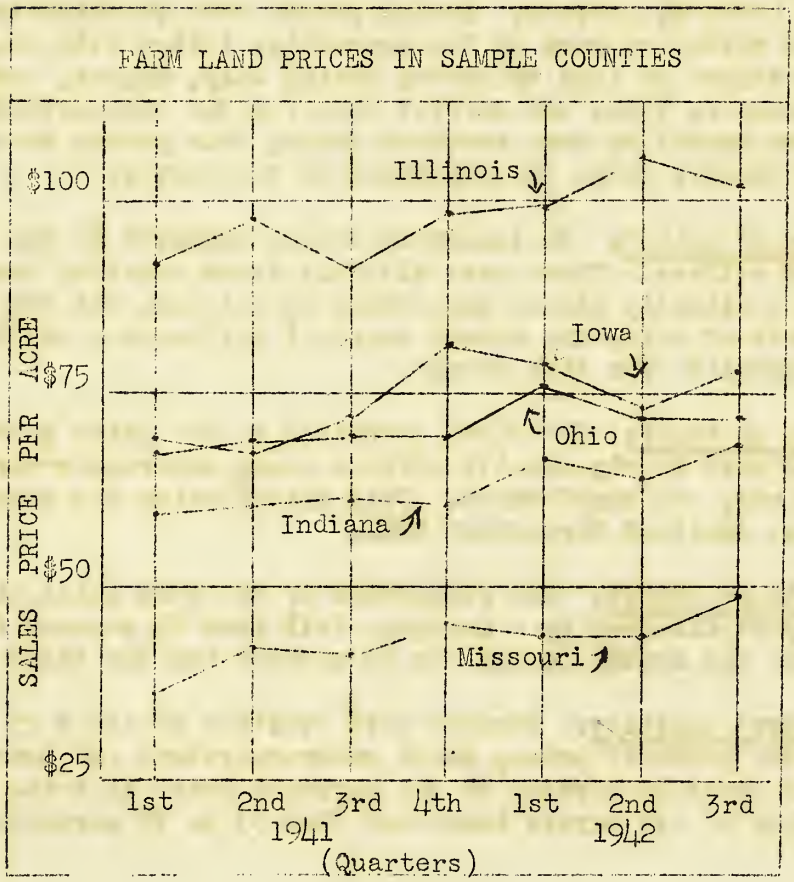
UNITED STATES DEPARTMENT OF AGRICULTURE
BUREAU OF AGRICULTURAL ECONOMICS

WARTIME LAND MARKET SURVEY IN THE NORTH CENTRAL STATES

Third Quarter 1942



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Summary

Prices: Farms sold during the third quarter of 1942 brought prices only slightly higher than those prevailing during the first six months of 1942. Prices advanced 11 percent during the last 12 months and the advance for the last 18 months was about 14 percent. Asking prices were reported to have been raised on many of the properties listed with dealers. The volume of land transfers during July, August, and September, 1942, was smaller than for the same period in 1941. Fewer transfers were recorded during this period than for any quarter since the beginning of the survey.

Type of seller: No important change occurred in the type of land sellers. There were slightly fewer sales by landlords and a slightly higher proportion by estates, but the small number of sales and normal seasonal differences may be largely responsible for this change.

Type of buyer: The farms purchased in the third quarter of 1942 were nearly equally divided among owner-operators, tenants, and non-farmers. This distribution has remained about constant throughout 1942.

Mortgage credit: The proportion of the farm sales which were in part financed by a mortgage fell from 63 percent for the first six months of 1942 to 52 percent for the third quarter.

Buyers' equities: Tenants held equities of about 25 percent of the purchase price, while owner-operators and non-farmers paid about 50 percent of the purchase price in cash. The equity of all buyers increased from 33 to 36 percent.

WARTIME LAND MARKET SURVEY 1/

Third Quarter, 1942 2/

A growing feeling of indifference and hesitancy among both buyers and sellers has resulted in a marked contraction in farm real estate activity during the past four months. Many factors which previously were only of local significance or which influenced only individual decisions appear to have become more widespread and now assume a dominant position in influencing decisions of both buyers and sellers. Consequently prices for even the reduced supply of farms have remained at about the late-spring level, and fewer inquiries were reported from prospective buyers than during the same period last year. Actual and expected labor and machinery shortages, the confused post-war outlook, and the prospect of increased government control over income and production temporarily loom large in the minds of many people. Investor -buyers, inflation-hedgers, and speculators appear to be giving more weight to these newly added factors than to the current high level of farm income or to the fear of inflation. If prospective buyers and sellers change the weights given to these factors, we may expect a renewal of the general optimism which prevailed at this time a year ago.

Price Advance Slowed

Although the average price for the region increased from $70 to $72 during the third quarter, minor price recessions occurred in about one-half of the sample counties. Prices in the Ohio and Indiana counties remained at the second-quarter level, while all but one of the 10 counties in Missouri and Iowa showed small increases.

1/ Assistance in collecting and tabulating the data for this survey was provided by the departments of agricultural economics in the Agricultural Experiment Stations in the States concerned.

2/ This report is the third in a series presenting current information on farm real estate activity in selected counties in the North Central States. The data include only bona fide transfers and were obtained from deed and mortgage records in the county recorders' offices. The information on buyers and sellers was obtained from local people in the various counties and was supplemented by mail questionnaires.

Table 1. Trend in price per acre of farm land sales recorded in sample counties, North Central States, 1941-1942

State and county 1/	1941 quarters				1942 quarters			Percent change 2/
	1st	2nd	3rd	4th	1st	2nd	3rd	
Illinois	90	97	89	98	99	105	102	15
Champaign	121	118	135	141	153	132	136	1
Clinton	48	59	58	47	49	54	52	-10
Knox	76	93	71	113	80	93	90	27
Logan	116	124	134	135	129	142	159	19
McHenry	95	109	81	85	83	113	93	15
Ogle	83	82	55	68	98	98	79	44
Indiana	59	60	61	60	67	64	68	13
Grant	72	86	97	90	86	78	98	1
Jennings	24	21	18	14	18	20	21	17
Knox	47	46	41	60	53	60	57	39
Noble	51	58	45	47	51	54	46	2
Rush	90	80	90	83	100	102	101	12
Tippecanoe	70	69	74	68	87	67	82	11
Iowa	68	67	72	81	79	73	78	8
Cedar	88	77	79	109	96	97	117	48
Clarke	28	31	24	38	34	34	14	-42
Crawford	58	59	60	56	60	54	58	- 3
Fayette	57	54	59	65	65	52	68	15
Palo Alto	76	76	88	96	93	73	85	- 3
Story	99	103	119	122	123	128	5/	5/
Missouri	36	42	41	45	43	43	49	20
Audrain	24	25	25	26	28	26	31	24
Harrison	26	24	26	29	31	32	31	19
Lawrence	24	26	27	29	22	26	28	4
Nodaway	45	57	47	54	48	49	53	13
Pemiscot	63	78	81	86	84	83	102	26
Ohio	66	68	69	69	76	72	72	4
Darke	84	77	83	93	81	87	84	1
Medina	62	73	73	80	83	77	77	5
Madison	92	75	80	74	86	78	90	12
Muskingum	28	31	23	29	35	29	30	30
Putnam	73	89	91	81	100	87	87	- 4
Seneca	57	60	67	59	71	71	64	- 4
Wisconsin	32	28	36	30	38	34	42	17
Barron	21	22	23	21	22	29	24	4
Jefferson 3/	75	4/	4/	4/	66	68	66	4/
Lafayette	44	33	50	40	54	39	60	20
Regional Sample	63	65	65	69	71	70	72	11

1/ State and regional figures are simple averages for sample counties.
2/ Percentage change, third quarter of 1942 over third quarter of 1941.
3/ Counties not included in State or regional summaries.
4/ Not available.
5/ Insufficient sample.

Compared with a year ago, only six of the sample counties reported lower prices for the third quarter of 1942. Prices increased 15 percent or more in 13 counties, most of which were in Illinois and Missouri. Investors dominate the real estate market to a greater extent in northern Illinois and eastern Iowa than in other States, and their demand, coupled with the small supply of farms for sale, is largely responsible for the large advance in prices in these areas. Prices advanced more slowly in Indiana and Ohio, probably because labor shortages were felt there at an earlier date. Most of the increases in price occurring in these States took place early in 1942. In the region as a whole, most of the 14 percent increase reported during the past 18 months occurred in the fourth quarter of 1941.

Asking Prices Up

Many of the local people reported that asking prices for farm lands have been raised during the past year. In no place were asking prices reported to have been lowered. Most sellers were less willing to lower prices in order to make a sale than in previous years.

Some land owners were reported to have raised asking prices when the opportunity arose. One example of this occurred when the Iowa Defense Relocation Corporation offered to buy the total holdings in one county of three insurance companies at their current offering price. One company declined, however, and soon after the other two companies had sold their holdings, this company raised its asking price. Similar cases were reported for individuals who have had their property listed for several years and who continue to raise their asking prices rather than to sell. Situations of this type could be brought under control by an order freezing the asking prices for all farms listed for sale at the price quoted as of some specified date. Such a freezing order would serve as a control over upward movements of land prices especially in those parts of Missouri and Iowa where large numbers of farms are listed for sale by corporations, estates, and other unwilling owners. As long as this supply lasted, buyers would seldom be willing to pay higher prices for comparable farms. Prospective sellers who wish to liquidate their investment while the supply of "frozen" farms remained plentiful would be forced to price their farm land at a comparable level to attract buyers. Other types of more permanent controls would be needed if prices were to be held down for an extended period since this method of control would remain effective only as long as the number of farms listed and frozen and remaining unsold was a major price-determining factor.

Table 2. Number of voluntary sales of farm land. North Central States, by quarters, 1941-1942. (Includes all deeds dated that quarter regardless of date of recording.)

State and county 1/	1941				1942		
	1st	2nd	3rd	4th	1st	2nd	3rd
Illinois	260	175	184	224	319	136	122
Champaign	24	5	20	35	58	5	24
Clinton	13	21	22	21	19	13	11
Knox	56	36	24	36	81	35	21
Logan	33	26	18	22	50	21	13
McHenry	71	54	75	77	68	34	35
Ogle	63	33	25	33	43	28	18
Indiana	228	161	150	159	219	182	112
Grant	36	27	28	29	40	43	19
Jennings	39	40	26	28	27	30	38
Knox	27	20	21	22	43	30	16
Noble	41	33	29	34	44	34	14
Rush	32	16	24	21	24	14	11
Tippecanoe	53	25	22	25	41	31	14
Iowa	325	118	154	159	343	106	63
Cedar	48	21	18	21	42	16	9
Clarke	66	27	22	32	61	18	5
Crawford	47	12	24	34	63	21	24
Fayette	55	22	41	27	80	17	7
Palo Alto	61	24	36	26	70	18	16
Story	48	12	13	19	27	16	2
Missouri	373	182	193	347	424	151	120
Audrain	68	31	41	53	81	39	17
Harrison	95	25	25	70	96	33	20
Lawrence	66	44	65	78	52	40	44
Nodaway	86	52	35	60	160	24	26
Pemiscot	58	30	27	86	35	15	13
Ohio	272	214	231	239	278	247	166
Darke	70	54	58	66	73	64	62
Medina	40	65	57	62	50	67	36
Madison	28	13	21	20	25	20	17
Muskingum	40	35	37	34	29	45	20
Putnam	36	18	25	25	43	20	10
Seneca	58	29	33	22	58	31	21
Wisconsin	65	53	41	82	113	47	48
Barron	45	41	33	57	81	36	41
Jefferson 2/	40	3/	3/	3/	54	30	14
Lafayette	24	12	8	25	32	11	7
Regional Sample	1523	903	953	1210	1696	869	631

1/ State and regional data are for sample counties only.
2/ Not included in State or regional summaries.
3/ Not available.

Shortages Worry Land Market

Labor shortages were felt by local people to have become a definite brake on any tendency for land values to rise above current levels. Many of the better informed people believed that the labor shortage has been over-emphasized, but they pointed out several real effects this may have upon the supply and demand for farm land which, in turn, will influence land prices.

Shortage of hired labor: Because many of the potential buyers in the market at this time are the larger farmers and investors, the prospect of labor shortage is of more importance to them than to farmers in general. Many farmers are hesitant to expand their present farms beyond that size which their present labor supply can handle, while investors, who usually are interested in the larger farms, are likewise being discouraged from buying farms for operation by hired managers or tenants. There is evidence, however, that investors from the larger cities are inclined to believe current rumors that over-emphasize the seriousness of the labor shortage rather than to investigate the situation for themselves. Several cases were noted, for example, where informed investors who have draft-exempt help are currently investing in additional land. The fact remains, however, that the present and expected labor shortage, whether real or imaginary, coupled with shortages of machinery and building supplies, are largely responsible for reducing currently the interest of investor-buyers in the land market.

No shortage of tenant operators: Although some observers have predicted that the shortage of labor will result in some farms lying idle, most well-informed local people pointed out that very little if any cropland in the corn belt will be idle in 1943. Replacements for operators who have retired because their sons had been drafted and for operators of small or marginal farms who have gone to war industries will come from a number of sources. Numerous small farms have been bought for homes and part-time farming by auto and appliance salesmen, truckers, filling station attendants, and others previously employed in non-war work. Some small tracts are being sold by owner-operators to be consolidated with nearby farms, while many farmers' sons and hired men have started farming for themselves. Comments were widespread, however, that there will be less competition among tenants for farms next year and that landlords in some areas were being forced to give more favorable leasing terms in order to secure tenants. Many tenants in past years have bought on contract in order to assure themselves of a farm, but local comments plus a decline in the number of contract sales in Iowa indicate that some of this pressure has now been removed.

Table 3. Number and percent of tracts of farm land sold by various classes of sellers, North Central States, third quarter, 1942

State and county 1/	Total	Owner operators	Non-farmers	Unclassified individuals	Estates	Corporations and government
Illinois	45	8	16	0	18	3
Clinton	11	2	4	0	5	0
Knox	21	3	7	0	8	3
Logan	13	3	5	0	5	0
Indiana	112	34	37	5	18	18
Grant	19	6	6	1	4	2
Jennings	38	13	16	0	4	5
Knox	16	4	3	0	3	6
Noble	14	3	3	3	3	2
Rush	11	4	3	0	3	1
Tippecanoe	14	4	6	1	1	2
Iowa	61	9	17	0	14	21
Cedar	9	1	2	0	5	1
Clarke	5	1	2	0	0	2
Crawford	24	3	7	0	5	9
Fayette	7	2	3	0	0	2
Palo Alto	16	2	3	0	4	7
Missouri	131	25	51	19	11	25
Audrain	17	8	5	3	0	1
Harrison	20	4	7	0	1	8
Lawrence	45	2	14	13	8	8
Nodaway	36	7	19	0	2	8
Pemiscot	13	4	6	3	0	0
Ohio	180	41	45	39	44	11
Darke	69	10	21	12	23	3
Madison	17	6	1	1	7	2
Medina	36	12	9	12	3	0
Muskingum	27	6	11	2	6	2
Putnam	10	3	0	3	2	2
Seneca	21	4	3	9	3	2
Wisconsin	55	13	13	2	4	23
Barron	41	6	9	2	3	21
Jefferson	14	7	4	0	1	2
Regional Sample	584	130	179	65	109	101
			(Percentages)			
Illinois	100	18	35	0	40	7
Indiana	100	30	33	5	16	16
Iowa	100	15	28	0	23	34
Missouri	100	19	39	15	8	19
Ohio	100	23	25	22	24	6
Wisconsin	100	24	24	3	8	41
Regional Sample	100	22	31	11	19	17

1/ State and regional data are for sample counties only.

More farm equipment auction sales: 3/ Much attention has been given to the increase in the number of sales by operators leaving the farm. Local inquiries indicated that the high prices of livestock and used farm machinery coupled with the short labor situation have caused some operators to retire several years before they otherwise would have retired or have influenced them to take non-agricultural employment. Few sales were the result of the operator being drafted. All equipment and most of the livestock was usually sold to other farmers, however, and consequently these sales will cause very little net change in production. Some people commented that the reported decrease in milk output resulted more from less favorable feed prices and shortage of labor than from decreases in the number of cows. Some prospective land purchasers have undoubtedly been deterred from purchasing farms by this market situation.

War Restrictions Cut Demand

Farmers, like all other groups, now find that many items of equipment and supplies are rationed or restricted in supply. This in turn discourages expansion of farming operation and discourages many would-be buyers from purchasing farms. In other cases, inability to buy consumers' goods or replace stocks has caused investors to use idle funds for land purchase.

Farm machinery shortage: The farm machinery situation does not appear to be serious at present. Farmers on the whole are better equipped than any time since the early thirties. The situation will, however become progressively more serious as present machinery wears out. The high prices used machinery is bringing at auction sales appear unjustified and point to a need for price ceilings on used machinery. The publicity given to the machinery situation probably deters some prospective investors from purchasing land while some farmers are using funds which normally go for machinery replacement or consumers' goods for payments on indebtedness or purchase of additional land.

3/ A report by the Jefferson County, Wisconsin War Board estimated that 87 farm sales would be held between September 1 and December 31, 1942, an increase of about 10 percent over the same period last year. A large proportion of the auctioneers, clerks and others who reported gave shortage of help as the most important reason for the sales. The farm help lost from Jefferson County has gone largely to Milwaukee industries and to a nearby war plant rather than to the armed services. Few local people expressed the belief that there would be any reduction in farm production as a result of loss of help.

Table 4. Number and percentage of tracts of farm land purchased by various classes of buyers, North Central States, third quarter, 1942

State and county 1/	Total	Owner operators	Tenants and other farms	Non-farmers		Unclassified individuals	Corporations
				Resident	Non-resident		
Illinois	45	14	8	20	2	0	1
Clinton	11	3	3	5	0	0	0
Knox	21	7	3	8	2	0	1
Logan	13	4	2	7	0	0	0
Indiana	110	35	21	37	3	13	1
Grant	19	3	2	11	1	2	0
Jennings	36	14	8	11	2	1	0
Knox	16	6	4	2	0	3	1
Noble	14	4	2	3	0	5	0
Rush	11	6	0	5	0	0	0
Tippecanoe	14	2	5	5	0	2	0
Iowa	61	13	26	19	1	0	2
Cedar	9	2	5	2	0	0	0
Clarke	5	1	2	1	0	0	1
Crawford	24	5	12	7	0	0	0
Fayette	7	1	3	3	0	0	0
Palo Alto	16	4	4	6	1	0	1
Missouri	132	30	30	22	9	41	0
Audrain	18	5	3	6	1	3	0
Harrison	20	9	4	2	2	3	0
Lawrence	45	6	2	8	2	27	0
Nodaway	36	4	19	3	4	6	0
Pemiscot	13	6	2	3	0	2	0
Ohio	180	37	26	57	7	52	1
Darke	69	11	15	21	4	18	0
Madison	17	2	2	9	1	2	1
Medina	36	8	1	9	0	18	0
Muskingum	27	9	4	13	1	0	0
Putnam	10	3	3	1	1	2	0
Seneca	21	4	1	4	0	12	0
Wisconsin	55	21	14	8	2	10	0
Barron	41	20	9	5	1	6	0
Jefferson	14	1	5	3	1	4	0
Regional Sample	583	150	125	163	24	116	5
				(Percentages)			
Illinois	100	31	18	45	4	0	2
Indiana	100	32	19	33	3	12	1
Iowa	100	21	43	31	2	0	3
Missouri	100	23	23	17	7	30	0
Ohio	100	21	14	32	4	28	1
Wisconsin	100	38	25	15	4	18	0
Regional Sample	100	25	22	28	4	20	1

1/ State and regional data are for sample counties only.

Building restrictions: Restrictions on building materials allow farmers to make all necessary repairs and replacements but limit new construction. In several areas, local people reported that the nearby city investors who normally built summer homes and rebuilt the buildings on the farms they purchased had ceased to be much interested in purchasing lands unless already very well improved. Farmers wishing to intensify their livestock farming often are unable to get supplies for needed improvements. Both of these factors tend to reduce the demand for poorly or unimproved farms.

Taxes: Numerous local people reported that tax evasion possibilities influenced many non-farmers to buy farms. Landlords often use depreciation allowances and undervalued inventories to conceal income where income taxes are paid on an accrual basis. Fear of future increases in taxation are probably important factors in discouraging farm purchases and outweigh other tax influences.

Smaller Volume of Sales

The number of tracts sold during the third quarter was slightly less than during the corresponding period last year and much smaller the second quarter of 1942. This represents a continuation of the downward trend in volume of sales which began in the spring of 1942 and is partly the result of a reduction in the supply of farms for sale and partly a reflection of the reduced interest of buyers.

Fewer sales by landlords: The proportion of all sales which were made by non-farmers declined from 36 percent for the first six months of 1942 to 31 percent for the third quarter. Estates increased in importance in three States, while corporate sales were down in Iowa and Missouri, the areas of heaviest corporate ownership. In most counties the changes in the relative importance of various classes of sellers are small and may be due in large measure to normal seasonal movement. Insurance companies in particular usually make their sales in the winter and spring, while farmers normally sell in the fall.

No change in types of buyers: Owner-operators, tenants and non-farmers continued to be about equal in importance as buyers. Investors remained the most important class of buyer in Illinois and Ohio, while tenants continued to buy the largest proportion of the farms sold in Iowa. Many of the sales by insurance companies now being recorded are in fulfillment of contracts made in the past. County average sale prices in Iowa have not been affected to any great extent by this lag in recordings since prices asked by insurance companies were not generally increased until recently.

Table 5. Number of farms transferred by type of financing and buyer's equity in mortgaged property, North Central States, third quarter, 1942

State and county 1/	Total reported	Cash	Cash and mortgage	Sales contracts	Tracts mortgaged 2/	Buyer's equity in mortgaged property 2/
		(Number)			(Percent)	
Illinois	121	76	44	1	37	49
Champaign	23	13	10	0	43	55
Clinton	11	8	3	0	27	54
Knox	21	16	5	0	24	48
Logan	13	8	5	0	38	55
McHenry	35	22	12	1	37	33
Ogle	18	9	9	0	50	51
Indiana	108	45	63	0	58	39
Grant	16	4	12	0	75	54
Jennings	37	19	18	0	49	24
Knox	16	7	9	0	56	34
Noble	14	7	7	0	50	38
Rush	11	4	7	0	64	51
Tippecanoe	14	4	10	0	71	35
Iowa	63	21	35	7	67	31
Cedar	9	4	5	0	56	49
Clarke	5	2	3	0	60	27
Crawford	24	8	14	2	67	21
Fayette	7	2	2	3	71	39
Palo Alto	16	5	10	1	69	30
Story	2	0	1	1	100	21
Missouri	130	61	68	1	53	33
Audrain	17	8	9	0	53	39
Harrison	20	13	7	0	35	13
Lawrence	45	21	23	1	53	33
Nodaway	36	14	22	0	61	34
Pemiscot	12	5	7	0	58	45
Ohio	180	81	99	0	55	30
Darke	69	26	43	0	62	40
Medina	36	21	15	0	42	43
Madison	17	12	5	0	29	35
Muskingum	27	10	17	0	63	0 3/
Putnam	10	5	5	0	50	22
Seneca	21	7	14	0	67	40
Wisconsin	54	33	20	1	39	28
Barron	34	23	11	0	33	16
Jefferson	13	7	6	0	46	25
LaFayette	7	3	3	1	57	43
Regional Sample	656	317	329	10	52	36

1/ State and regional figures are simple averages for sample counties.
2/ Includes contracts.
3/ Result of mortgages to finance improvements.

Fewer Farms Mortgaged

The proportion of the farm sales which was partially financed by mortgages dropped from 63 percent for the first six months of 1942 to 52 percent for the third quarter. The buyer's equity increased from 33 percent of the purchase price to 36 percent during the same period. Every State showed a decline in the proportion of tracts mortgaged, and Iowa now replaced Missouri as the State with the largest proportion of sales financed by mortgages. Illinois continues to report the largest proportion of cash sales. Individual sample counties in the region reported from 24 to 100 percent of the tracts sold carrying mortgages. During this period the buyer's equity in mortgaged property was highest in Illinois, with Indiana dropping into second place, and Wisconsin with the smallest buyer's equity.

Banks Making More Loans on Land

Purchase money mortgages to the seller increased from 33 percent during the first half of 1942 to 40 percent in the third quarter of 1942. The increase was greatest in those counties where lending agencies were the most important group of sellers. Less than 30 percent of the individuals who sold farms retained a mortgage as part of the purchase price. Some sellers must pay debts, but in general the proceeds from the sale of land form a reservoir of purchasing power which may at any time re-enter the land market. The idle funds in banks have been used to an increasing extent in recent months to make new mortgage loans, and banks made 59 percent of all new mortgage loans 4/ on lands transferred during the third quarter of 1942. This increase from 44 percent was primarily the result of large increases in Ohio and Illinois. The proportions of the new mortgage loans made by the federal credit agencies declined from nine to seven percent, and insurance companies from 15 to four percent.

Effects of Proposed Mortgage Credit Controls

Small buyers' equities now typical in many areas have prompted numerous suggestions for mortgage credit limitations which would minimize the loss of equities in farm property during the post-war period and at the same time hold land prices in check by reducing speculation and the effective demand for farms. One such plan would place debt ceilings on individual properties at either a given percentage of the appraised value or at the amount outstanding at some selected date. A special analysis of mortgage debt data has been made for the sample counties which may indicate some of the effects on land transfers which might be expected from such credit controls.

4/ Exclusive of purchase money mortgages.

Table 6. Percentage of the purchase price paid in cash, sample counties, North Central States, first six months 1942.

State and county 1/	Total number	Number of tracts with specified percentage downpayment						
		15% or less	16 to 20%	21 to 25%	26 to 33%	34 to 49%	50 to 99%	100%
					(Number)			
Illinois	355	27	7	15	23	33	68	182
Champaign	108	11	0	3	10	4	23	57
Clinton	29	2	0	1	1	2	2	22
Knox	102	5	2	5	8	12	22	48
Logan	61	4	1	2	1	8	12	33
Ogle	55	5	4	4	4	7	9	22
Indiana	386	42	20	10	31	50	88	145
Grant	78	9	4	1	6	13	16	29
Jennings	49	4	2	0	6	4	9	24
Knox	67	7	5	2	4	8	13	28
Noble	78	7	2	5	7	8	21	28
Rush	36	6	3	1	2	4	13	7
Tippecanoe	78	9	4	1	6	13	16	29
Iowa	388	55	38	30	51	46	46	122
Cedar	50	5	3	2	1	9	9	21
Clarke	76	7	8	9	13	7	7	25
Crawford	88	19	12	13	11	11	3	19
Fayette	93	4	11	3	10	9	12	42
Palo Alto	81	20	4	3	16	10	13	15
Missouri	528	154	64	38	34	54	72	112
Audrain	113	25	8	11	6	16	16	31
Harrison	116	43	21	5	10	8	11	18
Lawrence	77	19	6	6	6	4	10	26
Nodaway	173	52	28	13	7	22	21	30
Pemiscot	49	15	1	3	5	4	14	7
Ohio	503	50	15	13	29	79	94	223
Darke	139	13	4	5	8	23	26	60
Medina	100	11	5	3	4	17	18	42
Madison	46	2	1	1	5	11	15	11
Muskingum	76	15	1	1	2	6	9	42
Putnam	51	4	2	0	4	8	13	20
Seneca	91	5	2	3	6	14	13	48
Regional Sample	2160	328	144	106	168	262	368	784
					(Percentage)			
Illinois	100	8	2	4	6	9	19	52
Indiana	100	14	5	2	8	13	23	37
Iowa	100	14	10	8	13	12	12	31
Missouri	100	29	12	7	7	10	14	21
Ohio	100	10	3	2	6	16	19	44
Regional Sample	100	15	7	5	8	12	17	36

1/ State and regional figures are for sample counties only.

Mortgage credit controls would affect the volume of farm sales most drastically in areas where the largest proportion of the sales is made to tenants, and would have much less effect in areas where investor-buyers are the most important group of buyers. Since the areas where prices are most likely to get out of control are those where land is purchased primarily as an investment, mortgage credit control would probably have little effect in controlling land prices and would tend to concentrate land in the hands of present owners and non-farmers.

A high proportion (86 percent) of all tenant-buyers used mortgages to finance their purchases, as compared with 57 percent of the owner-operators and 54 percent of the non-farmer buyers. Their equity in lands purchased was also much smaller than in the case of other buyers and their opportunities for raising additional funds to meet high down-payment requirements are more limited. Numerous reports indicate that some tenants with large investments in working capital are now using short-term credit secured by chattel mortgages on their livestock and equipment to finance farm purchases. This undesirable practice would undoubtedly increase if down-payment requirements are raised.

In Missouri, 64 percent 5/ of the tenant-buyers would have been affected by an order requiring even a 20 percent down payment, as compared with 34 percent of the Iowa tenant-buyers, 14 percent in Illinois, 30 percent in Indiana, and 25 percent in Ohio. In the region as a whole, 41 percent of the tenants would have been affected, as compared with only 13 percent of the non-farmer buyers and 19 percent of the owner-operators. Apparently the minimum down-payment requirement would need to be considerably above 25 percent in order to have much effect upon the volume of sales.

The proposal to require larger down payments of buyers who did not intend to operate the land would largely defeat the purpose of credit control, since the deflation following the last war had its most drastic effect upon tenants who had recently become owners. During such a period investor-owners are usually better able to retain their equity than are farmers who may be faced with large losses from their farming operations.

5/ Foreclosure laws in Missouri enable sellers to repossess delinquent property more easily than in other States. Consequently buyers with small down payments buy on deed whereas in other States a sales contract would be used. The possibility of tenants in other States using a sales contract to circumvent minimum down-payment requirements would necessitate strict credit control over land contract sales as well as sales by deed.

Table 7. Buyers equity by type of buyer, North Central States, first half, 1942.

State and type of buyer 1/	Number of transfers	Percentage of transfers by buyers' equity groups						
		15% or less	16 to 20%	21 to 25%	26 to 33%	34 to 49%	50 to 99%	100%
		(Percentage)						
Iowa	388	14	10	8	13	12	12	31
Non-farmers	94	3	6	10	15	17	7	42
Owner-operators	86	7	3	7	12	8	11	52
Tenants	155	18	16	9	14	15	13	15
Missouri	529	29	12	7	7	10	14	21
Non-farmers	115	18	12	11	8	9	14	28
Owner-operators	159	24	7	4	9	11	15	30
Tenants	158	48	16	3	7	7	14	5
Ohio	503	10	3	2	6	16	19	32
Non-farmers	163	7	1	2	4	12	18	56
Owner-operators	112	13	2	1	2	12	15	55
Tenants	58	21	4	5	7	22	22	19
Indiana	386	14	5	2	8	13	23	37
Non-farmers	152	5	7	3	7	12	22	44
Owner-operators	119	14	3	2	6	13	23	39
Tenants	67	22	8	2	9	15	28	16
Illinois	355	8	2	4	6	9	19	52
Non-farmers	84	1	1	3	4	13	14	64
Owner-operators	48	6	2	0	4	8	32	48
Tenants	38	14	0	11	11	18	18	28
Regional Sample	2160	15	7	5	8	12	17	36
Non-farmers	608	7	6	5	7	13	16	46
Owner-operators	524	15	4	3	7	11	17	43
Tenants	476	31	13	6	10	15	11	14

1/ State and regional figures are for sample counties only.

Numerous examples have been found of non-farmer buyers mortgaging city property and other farm land that they own for the purchase of additional land. This practice would undoubtedly become widespread if a credit-control plan was put into effect, but would not necessarily defeat the purpose of the plan if the buyer's equity in the other property was not reduced to the danger point. This situation does point to the desirability, however, of an overall credit-control scheme which would apply to all real estate, both rural and urban. If this did not prove feasible, the plan should at least apply to other farm land owned by the buyer at the time of the new purchase.

Table 8. Sources of mortgage credit used in financing land transfers, North Central States, first half and third quarter, 1942

State and county 1/	First half, 1942				Third quarter, 1942			
	Total	Retained by seller	Other new mortgages	Assumed mortgages	Total	Retained by seller	Other new mortgages	Assumed mortg.
				(Number)				
Illinois	91	11	59	21	21	4	10	7
Clinton	4	0	3	1	3	0	3	0
Knox	50	8	33	9	5	2	2	1
Logan	37	3	23	11	5	0	2	3
Ogle	-	-	-	-	8	2	3	3
Indiana	236	42	134	60	71	20	22	29
Grant	53	7	33	13	13	4	3	6
Jennings	29	10	12	7	20	6	7	7
Knox	29	6	14	9	10	2	4	4
Noble	50	13	24	13	8	4	2	2
Rush	30	4	16	10	7	2	2	3
Tippecanoe	45	2	35	8	13	2	4	7
Iowa	258	116	101	41	37	17	12	8
Cedar	25	3	18	4	6	3	1	2
Clarke	48	24	18	6	3	2	0	1
Crawford	65	34	16	15	14	7	6	1
Fayette	44	24	12	8	4	2	0	2
Palo Alto	63	26	30	7	9	3	5	1
Story 2/	13	5	7	1	1	0	0	1
Missouri	411	212	130	69	70	27	29	14
Audrain	80	31	37	12	11	2	8	1
Harrison	97	69	17	11	6	5	0	1
Lawrence	48	21	18	9	23	7	10	6
Nodaway	145	82	46	17	22	12	7	3
Pemiscot	41	9	12	20	8	1	4	3
Ohio	280	59	180	41	104	29	65	10
Darke	75	12	54	9	45	11	30	4
Medina	69	22	44	3	15	4	10	1
Madison	33	5	17	11	4	1	1	2
Muskingum	30	3	22	5	19	8	9	2
Putnam	31	6	16	9	6	2	4	0
Seneca	42	11	27	4	15	3	11	1
Wisconsin								
Barron	-	-	-	-	11	4	6	1
Jefferson	-	-	-	-	6	1	5	0
Regional Sample	1276	440	604	232	314	101	~~144~~ 149	69
				(Percentage)				
Illinois	100	12	65	23	100	19	48	33
Indiana	100	18	57	25	100	28	31	41
Iowa	100	45	39	16	100	46	32	22
Missouri	100	51	32	17	100	39	41	20
Ohio	100	21	64	15	100	28	62	10
Wisconsin	-	-	-	-	100	36	55	9
Regional Sample	100	35	47	18	100	32	46	22

1/ State and regional figures are for sample counties only.
2/ First quarter only.

Table 9. Types of lending agencies other than seller making new mortgage loans, North Central States, ~~first half~~ third quarter 1942.

State and county 1/	Total	Individuals	Federal Land Banks	Insurance companies	Commercial banks	FSA & other
			(Number)			
Illinois	10	1	1	0	7	1
Clinton	3	0	0	0	3	0
Knox	2	0	0	0	1	1
Logan	2	0	0	0	2	0
Ogle	3	1	1	0	1	0
Indiana	22	3	3	2	12	2
Grant	3	0	0	1	1	1
Jennings	7	1	0	0	5	1
Knox	4	1	0	0	3	0
Noble	2	1	0	0	1	0
Rush	2	0	2	0	0	0
Tippecanoe	4	0	1	1	2	0
Iowa	12	1	3	2	3	3
Cedar	1	0	1	0	0	0
Clarke	0	0	0	0	0	0
Crawford	6	0	1	1	1	3
Fayette	0	0	0	0	0	0
Palo Alto	5	1	1	1	2	0
Story	0	0	0	0	0	0
Missouri	29	10	3	1	12	3
Audrain	8	3	0	0	5	0
Harrison	0	0	0	0	0	0
Lawrence	10	1	1	0	5	3
Nodaway	7	5	2	0	0	0
Pemiscot	4	1	0	1	2	0
Ohio	64	12	1	1	49	1
Darke	30	9	0	0	20	1
Medina	10	1	0	1	8	0
Madison	1	0	1	0	0	0
Muskingum	8	1	0	0	7	0
Putnam	4	1	0	0	3	0
Seneca	11	0	0	0	11	0
Wisconsin	11	5	0	0	4	2
Barron	6	2	0	0	3	1
Jefferson	5	3	0	0	1	1
Regional Sample	148	32	11	6	87	12
			(Percentage)			
Illinois	100	10	10	0	70	10
Indiana	100	14	14	9	54	9
Iowa	100	8	25	17	25	25
Missouri	100	35	10	3	42	10
Ohio	100	18	2	2	76	2
Wisconsin	100	45	0	0	37	18
Regional Sample	100	22	7	4	59	8

1/ State and regional figures are for sample counties only.

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